Ministry of Finance

2013/14 Annual Service Plan Report

BRITISH COLUMBIA

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Message from the Minister and Accountability Statement

British Columbia ended the 2013-14 fiscal year with its first surplus budget in five years — one of only two provinces in Canada able to claim a balanced budget. Through hard work, prudent fiscal management and controlled spending, we have stayed true to the principle that government should not spend more money than taxpayers provide. Balancing the budget allows government to make the investments that make life more affordable and stimulate economic growth and job creation.

In the last year, the Province saved $20 million in debt service costs by lowering B.C.'s borrowing requirements through various balance sheet management strategies. Those strategies involve reviewing existing cash balances across all government organizations to identify amounts not required for immediate ongoing operations, enabling government to use the cash for debt management purposes until needed by the agencies. This initiative supports British Columbia maintenance of one of the lowest debt-to-GDP ratios in Canada.

All three major credit rating agencies have reaffirmed their credit rating for B.C. We are one of only two provinces in Canada rated triple-A by both Moody's and Standard & Poor's. Our high credit rating demonstrates that the Province is on the right economic track and saves taxpayers millions of dollars each year in interest.

The government has a long-term strategy to diversify the Province's investor base and fortify economic ties with China. In November 2013, the Province issued a bond in the offshore Chinese Renminbi (CNH) market. The issue of the one-year-term bond was priced at 2.25 per cent, raising RMB2.5 billion, or about C$428 million. It was the first CNH bond by a foreign government and the largest CNH bond by a foreign issuer. Investors around the world showed a strong appetite for the bond, and the issue was quickly oversubscribed. Issuing these bonds opens doors to new investors and raises British Columbia's profile in the Asia Pacific.

Over the past year, government has made tremendous strides forward in collective bargaining. Under the 2014 Economic Stability Mandate, government has provided public sector employers the ability to negotiate longer-term agreements within a fixed fiscal envelope, and additionally offers employees an opportunity to participate in the province's economic growth through the Economic Stability Dividend. At the end of 2013-14, there were about 72,000 public-sector employees covered by tentative and ratified agreements negotiated under the Economic Stability Mandate, six of which were reached before their expiry dates. Overall, this represents 23 per cent of all unionized public-sector employees in B.C. As of June 27, 2014, the number has increased to over 150,000 employees — more than half of B.C.'s unionized public-sector employees.

As promised, the Province re-implemented the PST on April 1, 2013. The new legislation is clearer and easier to administer, which simplifies compliance and reduces costs. Keeping taxes low is an essential part of supporting B.C. families while maintaining a competitive tax

environment. British Columbians generally have one of the lowest overall tax burdens in Canada — including income tax, consumption tax, MSP premiums and payroll tax — when all taxes are considered.

I wish to thank the dedicated and professional staff at the Ministry of Finance. I am honoured to work with them every day and I am continually impressed by their ongoing commitment to serving British Columbians.

The *Ministry of Finance 2013/14 Annual Service Plan Report* compares the actual results to the expected results identified in the June 2013 *Ministry of Finance Revised 2013/14 – 2015/16 Service Plan*. I am accountable for those results as reported.

Honourable Michael de Jong
Minister of Finance
July 11, 2014

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Ministry of Finance

Highlights of the Year

- The Province of B.C. became the first foreign government to issue a bond in the offshore Renminbi (RMB) bond market, placing the largest issue in this market from a foreign entity (RMB 2.5 billion or CDN $428 million equivalent). The bond attracted favourable international reviews and attention, and has served to open new avenues for the province's growing trade and economic relationship with China.
- Government remains committed to maintaining low personal income tax rates to support B.C. families. The corporate and personal income tax rates in B.C. for the bottom two tax brackets remain among the lowest in Canada.
- Active management of the government's debt portfolio saved $20 million in debt service costs. Savings were generated primarily by lowering the Province's borrowing requirements through various balance sheet management strategies. Balance sheet management involves the review of existing cash balances across all government organizations to identify amounts not required for ongoing operations, enabling government to use the cash for debt management purposes until needed by the agencies.
- In January 2013, the Ministry introduced a new e-service called eTaxBC, providing businesses with online Provincial Sales Tax (PST) registration, tax return filing and payment, and self-service account maintenance options. This new online service makes it easier and faster for businesses to manage their PST accounts, and reduces administrative costs and burden for government. This year, 50 per cent of all payments and 65 per cent of all returns were submitted using the new electronic options with eTaxBC.
- In 2013/14, the Province received $1.166 billion in gaming revenue to support education, health care, local governments and thousands of community organizations. Since 2001, the Province has provided over $1.5 billion in gaming grants to community organizations.
- The Ministry continues to improve the way we deliver quality services and programs under its Lean Six Sigma methodology initiative, a proven process improvement methodology. In 2013/14, the Ministry completed four ministry-level Lean projects as well as 16 Lean Where You Work projects, improving the efficiency and effectiveness of business processes and customer service.
- Demonstrating its commitment to open government and transparency, as of March 31, 2014, the Ministry published 494 data sets on the Data BC website[1] including the Property Transfer Tax Calculator[2] which automates calculations for both tax owed and partial exemptions for citizens. Data BC facilitates broad and open data sharing with the public and across government.

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[1] For more information refer to: http://www.data.gov.bc.ca/
[2] For more information refer to:
http://www.sbr.gov.bc.ca/business/Property_Taxes/Property_Transfer_Tax/prpe_calculation.htm

Progress On the Minister's Mandate Letter

In June 2013, each Minister was given a formal mandate letter that identifies both government-wide and ministry-specific priorities and initiatives they will deliver. This report outlines the progress made in 2013/14 towards completing the priorities and initiatives included in the Minister of Finance's mandate letter.

1. Reintroduce *Balanced Budget 2013* with the following updates: • **Platform commitments that impact the spending track of government.** • **Restated expenditures based on post-election ministry re-alignment.** • **Updated economic growth projections from the Economic Forecast Council.**	• The *June Update 2013* was tabled reflecting surpluses over the fiscal plan period. In order to meet government's commitment to balance the budget, ministries were directed to manage within budget allocations and out-year targets. • Successfully tabled the *June Budget Update 2013* in the Legislature on June 27, 2013. The updated budget reorganized the appropriations in *Balanced Budget 2013* to reflect government's post-election Cabinet Structure, and included revised revenue projections. • In preparation for the *June Update 2013*, the Minister of Finance received updated economic growth projections from the Economic Forecast Council on May 23, 2013.
2. Ensure *Balanced Budget 2013* comes in balanced as per *Public Accounts* released in summer, 2014.	The *Public Accounts* confirm a budget surplus of $353 million.
3. Balance your ministerial budget in order to control spending and ensure an overall balanced budget for the province of British Columbia.	The Ministry met its fiscal budget targets and showed a surplus at fiscal year-end.

4. Execute the government asset sale program as outlined *in Balanced Budget 2013*.	The Minister of Finance, as part of *Budget 2014*, adjusted the revenue targets for real estate sales to $300 million for 2013/14 to ensure maximum value to taxpayers is obtained for all surplus property. Fifty-five surplus properties were sold in 2013/14, for a total of $300 million, meeting the target for real estate sales. Additionally, the sale of investments provided $123 million for a total of $423 million from asset sales for 2013/14.
5. Protect British Columbia's Aaa credit rating.	The B.C. provincial credit rating remains Aaa.
6. Working with the Minister Responsible for Core Review identify members of your ministry to form a team for him in his efforts to identify resources that can be released for other government priorities.	The Ministry has established a Core Review team to ensure ministry programs and activities are focused on achieving government's priorities of a strong economy and secure tomorrow, and that ministry programs and services are provided as efficiently and effectively as possible.
7. Introduce and pass legislation that will create the Prosperity Fund and determine its expenditures once revenues begin flowing to government.	The Ministry has completed a proposed framework for the Prosperity Fund for government consideration.
8. Ensure that Crown Agency reviews continue and are regularly undertaken by the Internal Audit team for Crown corporations and other designated organizations.	The Ministry is in the process of conducting a crown review of the B.C. Lottery Corporation with a report expected in 2014/15.
9. Undertake a review of our 10 year capital plan to ensure the priorities of government as outlined in *Strong Economy, Secure Tomorrow* are identified and planned within the plan.	The Ministry reviewed the priorities outlined in *Strong Economy, Secure Tomorrow* and worked with ministries to identify new initiatives with implications for the 10-year capital plan. Initiatives where planning was sufficiently advanced[3] were incorporated into the plan approved by Treasury Board in the fall of 2013.

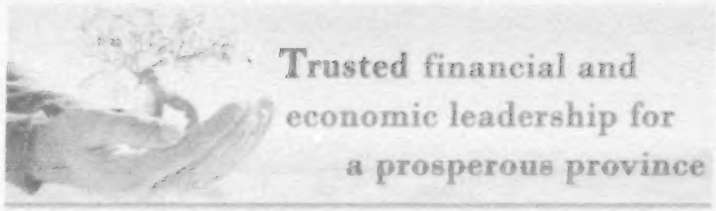
[3] Initiatives incorporated to date include the Centre of Excellence for Agriculture, University of the Fraser Valley, the School of Traditional Chinese Medicine, the Patient Care Tower at the Penticton Regional Hospital and planning work for a second crossing at Okanagan Lake.

10. Work with the Ministers of Finance of Ontario and Quebec to secure an agreement on a competitive film industry tax credit regime.	Exploratory talks commenced in 2013 and have been deferred until the Ontario and Quebec governments have confirmed their intergovernmental priorities.
11. Continue to pursue a common securities regulator for Canada that protects British Columbia's interests and ensures the B.C. securities industry is not negatively impacted by a new regime.	An agreement in principle to establish a Cooperative Capital Markets Regulator (CCMR) system was signed by the Ministers of Finance of British Columbia, Ontario and Canada on September 17, 2013. Since signing the Agreement, British Columbia, Ontario and the federal government have been working collaboratively to develop draft uniform provincial capital markets legislation and complementary federal legislation in order to operationalize the CCMR. Discussions have been ongoing with other jurisdictions interested in participating in the CCMR system.
12. Undertake regular outreach activities with the private sector to ensure transparency with industry on the state of the provincial economy and the ability to move with greater speed should provincial government action be required.	The Minister of Finance conducted investor tours in North America and China in 2013/14, to promote the diversity and strength of British Columbia's economy and sound fiscal stewardship.
13. Continue to consider and implement the recommendations of the Tax Competitiveness Panel.	Keeping business taxes low is an essential part of maintaining a competitive tax environment that will attract investment, create jobs and move B.C.'s economy forward. The recent difficult fiscal environment has made it challenging to consider business tax reductions or credits. New tax measures may be considered as B.C.'s fiscal situation improves.
14. Work with the Minister of Education to ensure maximum participation for the $1200 B.C. Education and Training Savings Grant.	The Ministry assisted the Ministry of Education with developing solutions to ensure maximum participation in the grant program. Advice was given on maximizing the participation of children in care, the set-up of the grant program with the federal government, and connecting Ministry of Education staff with key

	contacts in the financial community to ensure the grant program was promoted to their clients.

Purpose of Ministry

The Ministry of Finance plays a key role in establishing, implementing and reviewing government's economic, fiscal, financial management and taxation policies.



The Ministry is responsible for delivering fair, efficient and effective tax administration, and revenue and treasury management that fund government programs, services and infrastructure essential to citizens in British Columbia.

More specifically, the Ministry is responsible for:

- Government's economic forecasting, fiscal planning, budgeting and reporting;
- Government's economic, fiscal and taxation policy;
- Tax and non-tax revenue administration and loan administration and collection;
- Oversight of financial, procurement and administrative governance for the broader public service (ministries, crown agencies and the schools, universities, colleges and hospitals (SUCH) sector);
- Banking, accounting, and risk and debt management services for government;
- Policy development for the financial, corporate and real estate sectors in British Columbia;
- Gaming policy and enforcement; and
- Regulation of the financial services and real estate sectors, and administration of the B.C. credit union deposit insurance fund.

The Minister of Finance is also accountable for the B.C. Public Service Agency (see pages 33-43), Public Sector Employers' Council (see pages 44-46), BC Securities Commission, BC Lottery Corporation, Pacific Carbon Trust, and Partnerships BC.[4]

The BC Securities Commission (BCSC) is an independent provincial government agency responsible for regulating securities trading in British Columbia through the administration of the *Securities Act*. BCSC plays a lead role in securities regulation by supporting fair, efficient, and innovative Canadian capital markets and inspiring investor confidence.

[4] For more information refer to: www.bcpublicserviceagency.gov.bc.ca/ (B.C. Public Service Agency); www.fin.gov.bc.ca/psec/ (Public Sector Employers' Council); www.bcsc.bc.ca/ (BC Securities Commission); www.bclc.com (BC Lottery Corporation); www.pacificcarbontrust.com/ (Pacific Carbon Trust); www.partnershipsbc.ca/index.php (Partnerships BC). Pacific Carbon Trust will wind down as a Crown corporation in 2014 and responsibility for the carbon-offsets program will transition to the Climate Action Secretariat.

The BC Lottery Corporation (BCLC) operates under the *Gaming Control Act* of British Columbia. BCLC is a Crown agency mandated to conduct, manage and operate lottery, eGaming, casino, commercial bingo and internet gambling in a socially responsible way for the benefit of British Columbians.

Pacific Carbon Trust is a Crown corporation that focuses on the delivery of a p: rtfolio of carbon offsets from a diverse and innovative range of emissions-reducing activities that offsets the B.C. government's carbon footprint and fosters growth of a low-carbon economy in British Columbia.

Partnerships BC serves British Columbians through the planning, delivery and oversight of major infrastructure projects. Partnerships BC's services are valuable to the Province's ability to undertake the planning and procurement of complex projects, specifically those involving the use of private sector expertise, services and capital.

Ministry clients include the citizens of British Columbia, Treasury Board, Cabinet, ministries, Crown corporations, boards and commissions, agencies, businesses, investors and financial sector agencies.

The Ministry publishes several reports – please see page 29 for links to these publications.

Strategic Context

The Economy

British Columbia's real GDP increased by 2.0 per cent in 2013 (according to preliminary GDP by industry data from Statistics Canada), following growth of 1.5 per cent in 2012. Annual gains were observed in consumer spending, manufacturing shipments and exports, while modest declines occurred in employment and housing starts. Several risks to British Columbia's economy remain, including slowing domestic activity, weakness in the U.S. economic recovery, the ongoing sovereign debt situation in Europe, slowing Asian demand and exchange rate volatility.

Fiscal Responsibility

British Columbia's economic performance in 2013 was characterized by slow domestic activity, reflected in a lower personal income tax base and modest retail sales growth. These impacts were partially offset by stronger than anticipated housing sales, and improved exports and manufacturing shipments in 2013, with steady external demand for B.C. products complemented by improvements in natural gas and lumber prices. Within government, ongoing expenditure management and wage negotiations limited to very modest increases reflected a continued focus on strong fiscal management and controlled spending objectives. Government's ability to deliver on its balanced budget projection in 2013/14, one of only two Canadian jurisdictions to hit this target, sends a strong signal to international bond rating agencies which have continued to reward the Province with a triple-A credit rating.

Government Priorities

The government identified job creation, families, and a commitment to transparency and open government as major priorities for 2013/14. The Ministry of Finance supported government by contributing to each of these priorities.

- The Ministry supported the *BC Jobs Plan* through tax initiatives, fiscal responsibility, and deregulation to foster an environment that encourages business success.
- The Ministry supported B.C. families by overseeing prudent fiscal management of all government funds. These efforts aided in maintaining low tax rates for individuals and families living and working in British Columbia and contributed to decreasing the Province's debt load to lessen the burden for future generations.
- The Ministry supported open government by driving greater transparency and fiscal accountability through proactively releasing data and information to the public.

Return to a Provincial Sales Tax

On April 1, 2013, the Provincial Sales Tax (PST) was re-implemented under a more modern and streamlined Act (the *Provincial Sales Tax Act* or PSTA) with taxation legislation that is clearer, easier to understand and comply with, and easier to administer.

In January 2013, a new e-service called eTaxBC[5] was introduced, providing businesses with online PST registration, tax return filing and payment, and other self-service options such as account maintenance and closure. This new online service makes it easier and faster for businesses to manage their PST accounts. In addition, the Ministry continued to assist businesses through the transition to the new PST through education and outreach programs.

Gaming

The increasing complexity of gaming poses new regulatory and enforcement challenges. For example, the introduction of casino-style games offered over the internet, as well as gaming on mobile devices, marks a significant milestone in the evolution of the gaming industry. In order to keep up with technological advances, the ministry will need to ensure regulatory and enforcement practices evolve along with the industry.

The Ministry continues to work with the BC Lottery Corporation, the gaming industry and the federal government to move the gaming industry away from a cash dependent industry in order to diminish opportunities to legitimize proceeds of crime in gaming facilities in the province. Anti-money laundering strategies, including the increased use of electronic methods to access funds in gaming facilities will work to ensure the integrity of gaming activities in British Columbia.

[5] For more information, refer to: http://www2.gov.bc.ca/gov/topic.page?id=A613037D98294F319378D9B33829B3FC

Report on Performance

This section reflects performance related to the goals, objectives, performance measures and targets contained in the *2013/14 - 2015/16 Service Plan for the Ministry of Finance*.

In developing and reporting on performance measures and targets in the Annual Service Plan Report, the Ministry incorporates input and data from reliable independent and government sources. These data sources include Ministry financial and business information systems, major credit rating agencies, *Public Accounts*, and provincial statutes. Any information regarding the integrity of the data, such as criteria or limitations, will be included in the data source for each performance measure.

In setting performance targets, the Ministry considers past performance trends, government priorities, continuous improvement and the availability of resources. Setting meaningful performance measures and targets, and objectively measuring results allows the Ministry to introduce corrective actions as necessary, to ensure that it achieves the goals set out in the Service Plan. Comparable information from prior years is provided for the purpose of historical comparison.

Ministry revenue is audited by the Office of the Auditor General as part of the Summary Financial Statements and reported in the annual *Public Accounts* of the Government of British Columbia. Debt collection data is monitored by the managers responsible and reviewed by the Ministry's Executive Financial Officer.

The table on the following page provides an overview of Ministry performance for 2013/14.

Performance Results Summary Table

Goal 1: Sound and transparent management of government finances For greater detail see pages 17 to 20	**2013/14 Target**	**2013/14 Actual**
1.1 Effective management of government's fiscal plan		
Provincial credit rating	Aaa	Aaa ACHIEVED
Budget deficit / surplus	$153M surplus	$353M surplus ACHIEVED
1.2 Accountable, efficient and transparent financial and program management across government		
Release date of the *Budget*	February 18, 2014	February 18, 2014 ACHIEVED
Completion date of the *Public Accounts*[6]	On or before June 30, 2014	June 23, 2014 ACHIEVED
Audit opinion[7]	Public Accounts in compliance with GAAP	Qualified but positive audit opinion from the Office of the Auditor General SUBSTANTIALLY ACHIEVED
Goal 2: A strong, competitive and vibrant economy For greater detail see pages 20 to 23	**2013/14 Target**	**2013/14 Actual**
2.1 A fair and competitive tax and regulatory environment		
Provincial ranking of corporate income tax rates	Remain in the lowest four	Second Lowest ACHIEVED
Provincial ranking of personal income tax rates for the bottom tax bracket	Remain in the lowest two	Second Lowest ACHIEVED
Provincial ranking of personal income tax rates for the second-from-bottom tax bracket	Remain in the lowest two	Lowest ACHIEVED
2.2 Responsive, effective and fair revenue, tax and benefit administration that funds provincial programs and services		
Per cent of amounts owed to government paid or collected[8]	94.45%	95.70% ACHIEVED
Goal 3: Responsible regulation of gaming opportunities For greater detail see pages 23 to 24	**2013/14 Target**	**2013/14 Actual**
3.1 British Columbians continue to have confidence in the management of gaming		
Enhance access to funds in gaming facilities	Introduce three new options	Introduced two new options SUBSTANTIALLY ACHIEVED

[6] This measure will be considered substantially achieved if the *Public Accounts* are completed within 10 business days of the target date. The legislated due date for the release of the *Public Accounts* is August 31st for the previous fiscal year.

[7] This measure will be considered substantially achieved if the Office of the Auditor General provides a qualified but positive opinion of the *Public Accounts*.

[8] This measure includes all amounts owed to government and administered by the Ministry of Finance. Amounts owed to government include revenue identified during the fiscal year and overdue accounts from the current and previous fiscal years. These amounts may be billed by the Ministry, self-assessed by individuals and businesses, or identified by the Ministry through audit and compliance activities.

Goals, Objectives, Strategies and Performance Results

Goal 1: Sound and transparent management of government finances

Confidence in British Columbia's economy is important for attracting investment and creating jobs, and is supported by a sound and sustainable fiscal environment. Responsible fiscal policies ensure that the government can maintain and enhance the delivery of key public services and that the costs of public services are not passed on to future generations. Public confidence is further enhanced by open accountability that demonstrates the appropriate management of government finances.

Objective 1.1: Effective management of government's fiscal plan

The government's ability to achieve a sustainable fiscal environment relies on the development and maintenance of a prudent and resilient fiscal plan. The Ministry plays a critical role in overseeing the fiscal plan and works closely with the federal government, provincial ministries and other public sector partners to ensure that government's annual and three-year revenue, and operating and capital expenditure targets are met.

Strategies

- Continuously monitor revenues, spending and debt set out in the fiscal plan[9], and take corrective action as required to meet targets.
- Ensure effective cash management to minimize borrowing requirements and debt service costs.
- Manage government's capital plan, including strategic investments in infrastructure across the province.

Performance Measure 1: Provincial Credit Rating

Performance Measure	2008/09 Benchmark	2012/13 Actual	2013/14 Target	2013/14 Actual	2014/15 Target	2015/16 Target
Provincial credit rating	Aaa	Aaa ACHIEVED	Aaa	Aaa ACHIEVED	Aaa	Aaa

Data Source: Moody's Investors Service (Credit Rating Agency)

[9] For more information refer to: http://www.bcbudget.gov.bc.ca/2013_June_Update/default.htm

Discussion of Results

This measure is the rating of provincial debt by Moody's Investors Service, an independent rating agency. Bonds are rated in descending alphabetical order from A to C – highest to lowest. Triple-A (Aaa) is the highest possible rating, provided to those public and private sector organizations that offer excellent financial security and are considered high investment grade entities. The interest rate paid by the Province when it borrows in the domestic and international capital markets is influenced by the credit ratings supplied by third party agencies.

In determining the Province's credit rating, rating agencies evaluate debt affordability by using measures such as debt as a percentage of GDP and interest owing as a percentage of gross receipts. Agencies also consider the government's track record in meeting its fiscal targets, its transparency in budgeting and reporting, the economic outlook, and business and consumer confidence in the economy.

In October 2006, Moody's Investors Service upgraded the Province's credit rating to Aaa, the highest rating available. In December 2012, Moody's Investors Service changed the province's outlook from Aaa stable to Aaa negative, citing concerns with debt accumulation and a then slowing economy. Government responded by introducing measures to boost the economy, balance its budget and reduce its debt to GDP ratio. As a result, the Province has maintained a Aaa rating for the last eight years; it was most recently reaffirmed by Moody's on November 14, 2013. The agency cited several credit strengths to support the rating, including: a track record of managing fiscal pressures effectively; fiscal policy flexibility to adjust revenues and expenses to meet fiscal challenges; and a large and diversified economy supporting a productive tax base. British Columbia is one of only two provinces in Canada currently rated Aaa by Moody's Investors Service, and one of three provinces rated Aaa by Standard and Poor's.

Performance Measure 2: Budget Deficit/Surplus

Performance Measure	Baseline Or Benchmark	2012/13 Actual	2013/14 Target	2013/14 Actual	2014/15 Target	2015/16 Target
Budget deficit/surplus	N/A[1]	$1.146B deficit NOT ACHIEVED	$153M surplus	**$353M surplus ACHIEVED**	As set out in government fiscal plan	As set out in government fiscal plan

Data Source: British Columbia *Budget and Fiscal Plan*

[1]The Ministry's intent is to meet the budget target as identified in government's annual *Budget and Fiscal Plan*.

Discussion of Results

This measure reflects the Ministry of Finance's success in achieving a balanced budget as outlined in government's five year fiscal management plan, *September Budget Update 2009*. Specifically, while interim budget deficits were necessary given global economic conditions, government committed to returning to balanced budgets by 2013/14.

The 2013/14 *Public Accounts* show government posting a $353 million surplus, an improvement over the budget target. This outcome was achieved through a continued focus on expenditure

management and mitigation strategies offsetting lower than anticipated revenue from a number of taxation streams and commercial Crown corporation net income. Government has continued its commitment to balanced budgets in *Budget 2014*, which was tabled in the Legislature in February 2014.

Objective 1.2: Accountable, efficient and transparent financial and program management across government

The Ministry supports accountability and transparency through the public release of financial and program information and a variety of governance frameworks that apply to ministries and the broader public sector. The successful implementation of effective governance frameworks supports increased value for use of public funds and contributes to public confidence in government. To facilitate the application of these frameworks, the Ministry supports government with tools and training to build necessary capacity.

Strategies

- Provide governance and oversight to:
  - Ensure all government entities (e.g. ministries, Crown agencies, etc.) are publicly accountable for their programs, services and fiscal management.
  - Ensure appropriate financial and program management, systems and guidance are in place for the broader public service.
- Use risk-based approaches to effectively manage government's resources.
- Undertake strategic reviews of government business processes to identify opportunities to maximize efficiency.
- Meet statutory reporting requirements and comply with generally accepted accounting principles (GAAP).[10]

Performance Measures 3, 4 and 5: Annual Release Dates for Budget and Public Accounts, and Audit Opinion

Performance Measure	Baseline	2012/13 Actual	2013/14 Target	2013/14 Actual	2014/15 Target	2015/16 Target
Release date of the *Budget*	3rd Tuesday of February[1]	February 19, 2013 ACHIEVED	By legislated due date	**February 18, 2014 ACHIEVED**	By legislated due date	By legislated due date
Completion date of the *Public Accounts*[2]	By August 31st [1]	July 23, 2013 NOT ACHIEVED	On or before June 30, 2014	**June 23, 2014 ACHIEVED**	On or before June 30, 2015	On or before June 30, 2016

[10] The government of British Columbia adheres to generally accepted accounting principles for senior Canadian governments as identified by the Public Sector Accounting Board.

Audit opinion[3]	Qualified but positive audit opinion from the Office of the Auditor General (2010/11)	Qualified but positive audit opinion from the Office of the Auditor General SUBSTANTIALLY ACHIEVED	Public Accounts in compliance with GAAP	**Qualified but positive audit opinion from the Office of the Auditor General SUBSTANTIALLY ACHIEVED**	Public Accounts in compliance with GAAP	Public Accounts in compliance with GAAP

Data Source: Annual *Public Accounts*

[1]The *Budget and Transparency Accountability Act* requires the release of the Province's budget by the third Tuesday of February in the immediately preceding fiscal year and the Province's financial statements (*Public Accounts*) by August 31st following each fiscal year end.

[2] This measure will be considered substantially achieved if the *Public Accounts* are completed within 10 business days of the target date. Release of the *Public Accounts* requires the Auditor General's opinion which was received on July 9, 2014.

[3] This measure will be considered substantially achieved if the Office of the Auditor General provides a qualified but positive opinion of the *Public Accounts*.

Discussion of Results

The first two measures capture the timeliness of government budgeting and financial reporting. Timely release of financial information is critical for effective use of the information and helps instill public confidence in government's ability to manage its resources. The *Budget Transparency and Accountability Act* requires the release of the Province's budget by the third Tuesday of February in the immediately preceding fiscal year and the Province's financial statements (*Public Accounts*) by August 31 following each fiscal year end.

The third measure is an indication of government's transparency in accounting for its finances. In preparing the *Public Accounts*, the Ministry provides an accurate and fair representation of the government's financial position in accordance with generally accepted accounting principles (GAAP).

To validate this position, government seeks an independent audit opinion that offers an objective assessment of its financial reporting. The independent audit opinion, provided by the Office of the Auditor General, confirmed that apart from one qualification for the current year, the *Public Accounts* are in compliance with GAAP.

Goal 2: A strong, competitive and vibrant economy

Objective 2.1: A fair and competitive tax and regulatory environment

A tax system that is perceived by British Columbians to be fair increases their confidence in government. Furthermore, the Province's ability to develop a strong and vibrant economy depends on a tax and regulatory environment that is both nationally and internationally competitive. Jurisdictions with competitive tax regimes and regulatory frameworks are successful in attracting and retaining personal and business investment. This success in turn enhances economic development and generates stable revenues to support critical government services such as health care and education.

Strategies

- Continue to improve the fairness, competitiveness and sustainability of the provincial tax system.
- Ensure financial and corporate regulatory frameworks are efficient and effective, and protect the public interest.
- Commit to net zero regulatory gain through 2015.
- Support the Ministry of Jobs, Tourism and Skills Training in implementing a *Regulatory Reporting Act* to mandate annual reporting on regulatory reform.
- Advance B.C.'s interests with the federal and other provincial governments on federal-provincial fiscal relations.

Performance Measures 6, 7 and 8: Provincial Income Tax Ranking

Performance Measure	Benchmark	2012/13 Actual	2013/14 Target	2013/14 Actual	2014/15 Target	2015/16 Target
Provincial ranking of corporate income tax rates	Remain in the lowest four[1]	Lowest ACHIEVED	Remain in the lowest four	**Second Lowest ACHIEVED**	Remain in the lowest four	Remain in the lowest four
Provincial ranking of personal income tax rates for the bottom tax bracket	Remain in the lowest two[2]	Second lowest ACHIEVED	Remain in the lowest two	**Second Lowest ACHIEVED**	Remain in the lowest two	Remain in the lowest two
Provincial ranking of personal income tax rates for the second-from-bottom tax bracket	Remain in the lowest two[2]	Lowest ACHIEVED	Remain in the lowest two	**Lowest ACHIEVED**	Remain in the lowest two	Remain in the lowest two

Data Source: Published legislation and budgets from all 10 provinces

[1] This measure was benchmarked in fiscal 2008/09.

[2] These measures were benchmarked in fiscal 2010/11.

Discussion of Results

The measure of the provincial ranking of corporate income tax rates compares the general corporate income tax rate in British Columbia, as of March 31 each year, to those of other provinces in Canada. A competitive tax environment fosters economic growth by encouraging business investment and promoting a business friendly environment. As of March 31, 2014, British Columbia had the second lowest corporate income tax rate in Canada.

The two measures of the provincial ranking of personal income tax rates provide a comparison of British Columbia's personal income tax rates for the bottom two tax brackets, as of March 31 each year, with those of the other nine provinces. These targets demonstrate government's commitment to maintaining low tax rates for individuals and families living and working in British Columbia.

In 2013/14, British Columbia met or exceeded the performance targets, providing competitive income tax rates for businesses, individuals and families.

Objective 2.2: Responsive, effective and fair revenue, tax and benefit administration that funds provincial programs and services

The Ministry manages revenue in relation to statutes it directly administers, as well as statutes administered by other ministries.[11] These revenues support the provision of important government programs and services such as health care, education, social services and transportation infrastructure for British Columbians.

The Ministry is committed to identifying and collecting amounts owed to government in a manner that is fair and respectful to citizens and taxpayers.

Strategies

- Administer the transition from HST to a PST and GST tax system.
- Simplify and streamline tax and other revenue legislation.
- Focus compliance activities on areas with the highest risk of non-compliance.
- Explore further opportunities for applying technological solutions to improve compliance and enforcement activities.
- Improve collaboration across jurisdictions to help ensure tax revenue owed to the Province is identified and received in a timely manner.
- Improve practices used to collect outstanding amounts owed to government.
- Continue to consolidate government revenue management.

Performance Measure 9: Per Cent of Amounts Owed to Government Paid or Collected

Performance Measure	Baseline	2012/13 Actual	2013/14 Target	2013/14 Actual	2014/15 Target	2015/16 Target
Per cent of amounts owed to government paid or collected[1]	N/A[2]	92.70%[3] SUBSTANTIALLY ACHIEVED	94.45%	95.70% ACHIEVED	Maintain	Maintain

Data Source: Ministry of Finance business information systems

[1] This measure includes all amounts owed to government and administered by the Ministry of Finance. Amounts owed to government include revenue identified during the fiscal year and overdue accounts from the current and previous fiscal years. These amounts may be billed by the Ministry, self-assessed by individuals and businesses, or identified by the Ministry through audit and compliance activities.

[2] Since the transition to HST (July 1, 2010), which was administered by the Canada Revenue Agency, this measure did not include provincial sales tax. With the reinstatement of the PST on April 1, 2013, this measure again includes the PST. Performance will be baselined in 2014/15, once the provincial PST audit program has been underway for a full fiscal year.

[3] Target is considered substantially met if performance is at least 95% of target.

[11] See Appendix C: Ministry Legislation.

Discussion of Results

This measure reports on the success of the Ministry in collecting all amounts under its administration owed to government in a specific fiscal year. This measure includes amounts owed to government where the Ministry is responsible for both revenue and debt collection functions. It excludes revenue and debt collections for personal and corporate income taxes collected by the Canada Revenue Agency on behalf of the Province.

In 2013/14, the Ministry collected $14.55 billion in revenue and overdue accounts — 95.70 per cent of the amount owed —achieving the target. These results reflects the Ministry's success in billing, collection and audit and compliance activities in addition to the ongoing efforts to provide information, tools and quality customer service — making it easier for British Columbians to understand and fulfill their obligations.

Goal 3: Responsible regulation of gaming opportunities

Objective 3.1 British Columbians continue to have confidence in the management of gaming

Strategies

- Ensure that all gaming in the province, including gaming conducted over the Internet, is subject to a high level of rigour and scrutiny. This includes ensuring appropriate people and companies are involved in the gaming industry, conducting regular audits of all commercial gaming venues, and investigating allegations of wrongdoing to ensure the integrity of gaming and use of proceeds.

- As part of a broader enforcement strategy, work with the British Columbia Lottery Corporation and the gaming industry to move away from cash-based play in order to prevent money laundering activity at casinos.

Performance Measure 10: Enhanced access to funds in gaming facilities

Performance Measure	2011/12 Baseline	2012/13 Actual	2013/14 Target	2013/14 Actual	2014/15 Target	2015/16 Target
Enhance access to funds in gaming facilities	Introduced two new options	Introduced three new options ACHIEVED	Introduce three new options	**Introduced two new options SUBSTANTIALLY ACHIEVED**	Introduce one new option	Introduce one new option

Data Source: Gaming Policy and Enforcement Branch

Discussion of Results

This measure tracks the Ministry's progress in implementing a suite of options to enhance access to funds in gaming facilities. Providing options that result in the increased use of electronic methods to access funds in casinos enables an increased vigilance of large cash

amounts carried into casinos, which supports the Ministry's strategy to prevent money laundering activity and move gaming away from a cash dependent industry. This will diminish opportunities for criminal attempts to legitimize illegal proceeds of crime in gaming facilities in the province.

Prior to 2013/14, casino patrons could access funds using five new options: the Patron Gaming Fund; an automated teller machine; debit at the cash cage; a cheque hold process; and preapproved cheques. In 2013/14, the Ministry explored the introduction of three additional options based on a review of their viability and integrity. Two new options were implemented making it easier for casino patrons to access funds using internet and U.S. bank transfers. The third option, a foreign funds transfer, continues to be researched.

Since introducing the anti-money laundering initiative there has been a 25 per cent increase in the use of electronic methods to access funds, reflecting the success of this initiative.

Finance Resource Summary

Core Business Area	2013/14 Estimated	Other Authorizations[1]	Total Estimated	Actual	Variance
Operating Expenses ($000)					
Treasury Board Staff[2]	6,709	0	6,709	4,768	(1,941)
Office of the Comptroller General[2]	5,931	0	5,931	5,233	(698)
Treasury	1	0	1	0	(1)
Revenue Division					
Gross[3]	204,296	2,699	206,995	191,639	(15,356)
Recoveries[4]	(138,230)	0	(138,230)	(120,282)	17,948
Net	66,066	2,699	68,765	71,357	2,592
Policy and Legislation	4,975	0	4,975	4,702	(273)
Public Sector Employers' Council Secretariat	16,640	0	16,640	16,622	(18)
Internal Audit and Advisory Services[2]	2,407	0	2,407	1,851	(556)
Executive and Support Services[5]	12,150	0	12,150	13,045	895
Gaming Policy and Enforcement	19,819	0	19,819	18,994	(825)
Insurance and Risk Management Account[6]	4,191	1,970	6,161	6,161	0
Provincial Home Acquisition Wind Up Special Account	10	0	10	4	(6)
Teacher's Pension Plan[7]	0	49,450	49,450	49,450	0
Sub-total	**138,899**	**54,119**	**193,018**	**192,187**	**(831)**
Adjustment of Prior Year Accrual[8]	0	0	0	(21,691)	(21,691)
Total	**138,899**	**54,119**	**193,018**	**170,496**	**(22,522)**
Ministry Capital Expenditures (Consolidated Revenue Fund) ($000)					
Executive and Support Services[2]	7,995	0	7,995	7,353	(642)
Gaming Policy and Enforcement	23	0	23	22	(1)
Total	8,018	0	8,018	7,375	(643)

Core Business Area	2013/14 Estimated	Other Authorizations[1]	Total Estimated	Actual	Variance
Capital Plan ($000)					
Other Capital Projects	0	0	0	0	0
Total	0	0	0	0	0
Other Financing Transactions ($000)					
Reconstruction Loan Portfolio[9]					
Receipts	17,000	0	17,000	11,262	(5,738)
Disbursements	400	0	400	0	(400)
Net Cash (Requirements)	16,600	0	16,600	11,262	(5,338)
Student Aid BC Loan Program[10]					
Receipts	90,000	0	90,000	115,517	25,517
Disbursements	230,000	0	230,000	218,093	(11,907)
Net Cash (Requirements)	(140,000)	0	(140,000)	(102,576)	37,424
International Fuel Tax Agreement Motor Fuel Tax Act[11]					
Receipts	12,043	0	12,043	13,920	1,877
Disbursements	2,643	0	2,643	2,167	(476)
Net Cash (Requirements)	9,400	0	9,400	11,753	2,353
Land Tax Deferment Act[12]					
Receipts	52,000	0	52,000	47,665	(4,335)
Disbursements	110,000	6,923	116,923	116,923	0
Net Cash (Requirements)	(58,000)	6,923	(64,923)	(69,258)	(4,335)
Provincial Home Acquisition Wind Up Special Account					

Receipts	**18**	**0**	**18**	**6**	**(12)**

1"Other Authorizations" include Supplementary Estimates, Statutory Appropriations and approved funding from the Contingencies Vote.

2 Variance was due to administrative efficiencies.

3 Additional funding from the Contingencies Vote was approved to support the implementation of the Provincial Sales Tax.

4 The Ministry's costs are partially recovered from revenue administered by the Ministry under statutes listed in Appendix C.

5 Actual expenditures include a number of unanticipated corporate charges that were centrally managed within Executive and Support Services.

6 Statutory appropriation was used to fund actuarial adjustments.

7 This expenditure represents the employer's portion (50%) of the unfunded benefit obligation for the Teacher's Pension Plan. Statutory authority for this expenditure was newly delegated to the Minister of Finance during 2013/14.

8 The Adjustment of Prior Year's Accrual of $21.691 million is a reversal of estimated expenditures recorded in the previous year.

9 The variance was due to lower than anticipated repayments, commensurate with the gradual wind-up of this program.

10 The variance was due to higher than anticipated loan repayments by students.

11 The variance was due to diesel price fluctuations and business and economic changes in Canada and the U.S.

12 The variance was due to higher than anticipated demand for the program.

Annual Service Plan Report Appendices

Appendix A: Ministry Contact Information

Ministry Central Office
PO Box 9417 Stn Prov Govt
Victoria BC V8W 9V1
Phone: 250 387-3184

Minister's Office
Honourable Michael de Jong
PO Box 9048 Stn Prov Govt
Victoria BC V8W 9E2
Phone: 250 387-3751

Media Queries
Phone: 250 356-9872

Problem Gambling Help Line
For help in recognizing the warning signs of problem gambling and to get information on free programs, services and resources available to assist problem gamblers and families:

Call 1-888-795-6111 or visit www.bcresponsiblegambling.ca
(confidential, free service available 24 hours/7 days, in mulitiple languages)

Tax Questions
For questions about British Columbia's Provincial Sales Tax, Motor Fuel Tax, Tobacco Tax, Carbon Tax, Tax on Designated Propery and Residential Energy Credit and Rebate program:

Toll-free anywhere in B.C. 1-877-388-4440
Or email: CTBTaxQuestions@gov.bc.ca

Appendix B: Hyperlinks to Additional Information

Reports and Publications:

- Budget and Fiscal Plan, Estimates, Public Accounts, Quarterly Reports, and Financial and Economic Review: www.fin.gov.bc.ca/pubs.htm
- For more information and other Ministry Service Plans and Annual Service Plan Reports, please visit: www.bcbudget.gov.bc.ca/default.htm
- For other reports and publications of the British Columbia Ministry of Finance, please visit: www.fin.gov.bc.ca/pubs.htm

Gaming Policy and Enforcement: www.gaming.gov.bc.ca

The Minister of Finance is also the Minister responsible for the following Crown corporations, Boards, Commissions and Advisory Committees:

Crown Corporations:

- Partnerships BC: www.partnershipsbc.ca/
- Pacific Carbon Trust: www.pacificcarbontrust.com/
- BC Lottery Corporation: www.bclc.com/
- BC Securities Commission: www.bcsc.bc.ca/

Boards and Commissions:

- Financial Institutions Commission: www.fic.gov.bc.ca/
- Financial Services Tribunal: www.fst.gov.bc.ca/
- Insurance Council of British Columbia: www.insurancecouncilofbc.com/PublicWeb/Home.html
- Public Sector Employers' Council: www.fin.gov.bc.ca/psec/
- Real Estate Council of British Columbia: www.recbc.ca/

Advisory Committees:

Accounting Policy Advisory Committee:
www.fin.gov.bc.ca/brdo/boardView.asp?boardNum=191095

Appendix C: Ministry Legislation

Delivery of the Ministry's mandate relies on the following legislation.

Agricultural Credit Act
Agriculture Land Development Act
Auditor General Act
Balanced Budget and Ministerial Accountability Act
Bonding Act
British Columbia Railway Finance Act
Budget Measures Implementation Act 2010
Budget Transparency and Accountability Act
Business Corporations Act
Capital Financing Authority Repeal and Debt Restructuring Act
Carbon Tax Act
Constitution Act
Consumption Tax Rebate and Transition Act (repealed April 2013)
Cooperative Association Act
Credit Union Incorporation Act
Creditor Assistance Act
Esquimalt and Nanaimo Railway Belt Tax Act (repealed May 2014)
Finance Statutes Amendment Act, 2011
Financial Administration Act
Financial Information Act
Financial Institutions Act
Forest Act
Forest and Range Practices Act
Forest Practices Code of British Columbia Act
Forest Stand Management Fund Act
Gaming Control Act
Home Acquisition Act
Home Owner Grant Act
Homeowner Protection Act
Homeowners Interest Assistance Act
Home Purchase Assistance Act
Hotel Room Tax Act (repealed April 2013)
Income Tax Act
Income Trust Liability Act
Indian Self Government Enabling Act
Insurance (Captive Company) Act
Insurance Act
Insurance Premium Tax Act
International Business Activity Act
International Interests in Mobile Equipment (Aircraft Equipment) Act
Land Tax Deferment Act

Logging Tax Act
Manufactured Home Act
Medicare Protection Act
Mineral Land Tax Act
Mineral Tax Act
Ministry of Consumer and Corporate Affairs Act
Ministry of Forests and Range Act
Miscellaneous Registrations Act, 1992
Mortgage Brokers Act
Motor Fuel Tax Act
Mutual Fire Insurance Companies Act
New Housing Transition Tax and Rebate Act
Oil and Gas Activities Act
Partnership Act
Pension Agreement Act
Pension Benefits Standards Act
Pension Fund Societies Act
Personal Property Security Act
Petroleum and Natural Gas Act
Police Act
Ports Property Tax
Probate Fee Act
Property Transfer Tax Act
Provincial Home Acquisition Act
Provincial Sales Tax Act
Public Sector Employers Act
Public Sector Pension Plans Act
Public Service Act
Public Service Benefit Plans Act
Public Service Labour Relations Act
Range Act
Real Estate Development Marketing Act
Real Estate Services Act
Repairers Lien Act
School Act
Sechelt Indian Government District Home Owner Grant Act
Securities (Forged Transfer) Act
Securities Act
Securities Transfer Act
Social Service Tax Act (repealed April 2013)
Society Act
South Coast British Columbia Transportation Authority Act
Special Accounts Appropriation and Control Act
Strata Property Act

Taxation (Rural Area) Act
Tobacco Tax Act
Unclaimed Property Act
Warehouse Lien Act
Warehouse Receipt Act
Wildfire Act

B.C. Public Service Agency

Highlights of the Year

In 2013/14, the B.C. Public Service Agency continued to fulfill its mandate in delivering human resource services to the B.C. Provincial Government. The focus was on providing cost-effective, accessible services that are responsive to the needs of ministries.

Achievements of the past year include:

Economic Stability Bargaining Mandate

The B.C. Public Service Agency successfully negotiated a five-year contract with the B.C. Government and Service Employees Union, prior to the contract expiring on March 31, 2014. The ratified contract was one of the first agreements negotiated under the Province's new 2014 Economic Stability Bargaining mandate and will be used as a precedent for other public sector settlements. Negotiations are currently underway to renew the contract with the Professional Employees Association which also expired on March 31, 2014. Bargaining will take place with the Queen's Printer and Public Service Nurses unions later in 2014/15.

TELUS Sourcing Solutions Inc. Contract Extension

The B.C. Public Service Agency successfully negotiated a five-year extension of an agreement with TELUS Sourcing Solutions Inc. to provide payroll and human resources service to the B.C. Public Service. The negotiation of this extension resulted in a 21 per cent reduction in cost over the previous agreement.

Long Term Disability Contract Negotiated

Contract negotiations for a Long Term Disability plan carrier concluded successfully in fiscal 2013/14, achieving an 11 per cent reduction in cost over the previous agreement. The new contract incorporates industry-leading Long Term Disability practices and performance, and builds on an external health check review and benchmarking study completed in 2012.

Expanding HR Service Delivery to the Broader Public Sector

The B.C. Public Service Agency is leveraging its business model by exploring opportunities to expand our services across the broader public sector to achieve further savings in Human Resource (HR) expenditures. In 2013/14, the Agency focused on two projects to expand delivery of our payroll services, which are now nearing completion. It is expected that successful implementation of these two projects will lead to further expansion of services resulting in increased savings for government.

Managed Hiring Practices in the B.C. Public Service

In 2013/14, the B.C. Public Service Agency played a key role in supporting the management of hiring across the B.C. Provincial Government. Advanced reporting tools were developed to provide timely access to information to support ministries in their management of hiring.

During 2013/14, the B.C. Provincial Government achieved a reduction in Full Time Equivalent (FTE) Utilization by 800 FTEs as a result of employee attrition and managed hiring practices.

Employer Awards

Delivering employee programs and services that help us be the best is an important goal in the B.C. Public Service and it is why we continue being honoured for our achievement as one of Canada's Top 100 Employers, one of B.C.'s Top Employers, one of Canada's Greenest Employers and for being one of Canada's Top Family Friendly Employers. These are significant honours that collectively underscore the quality and value of the work we do and the employee experience we deliver.

Purpose of Agency

The B.C. Public Service Agency provides human resource leadership, expertise, services and programs that contribute to better business performance of ministries and government as a whole.

Strategic Context

The B.C. Public Service is the largest corporate workforce in the province, serving all communities across British Columbia. From frontline workers to accountants and architects, researchers and analysts, information technology professionals and others, there is virtually no area of expertise unrepresented. Public servants provide a wide range of services to British Columbians such as health care, public safety, education, and environmental management, to name a few.

The B.C. Public Service Agency supports the work that these public servants do by providing human resource services such as hiring, payroll, labour relations and learning. In doing so, it helps ensure that the B.C. Public Service continues to have the right people performing these critical functions. Some internal and external factors impacting the B.C. Public Service Agency's work are:

External Factors

- Canada is currently in a period of fiscal restraint where public sector spending is being reduced as federal and provincial governments work to bring deficits under control. The reduction in public sector spending makes finding ways to deliver services in a more effective manner a high priority. In response, the B.C. Public Service has adopted Lean Six Sigma, a proven process improvement philosophy and methodology, to guide us in changing our business processes to eliminate steps that don't benefit our customers.
- Changing demographics, such as an aging and increasingly diverse population, continue to influence employers in many ways. One such example is the financial pressure an aging workforce is putting on benefit plans. Conference Board of Canada research has shown that benefits costs are increasing 10 per cent each year, and make up an increasing percentage of the total cost of employment.
- While the current global economic influences are easing the demand for labour in the short term, the labour market is expected to remain tight in the long term. Skilled employees expect an engaging work environment, learning, development and career growth opportunities, as well as competitive salaries and benefits. For the public service to retain and attract skilled labour it remains important to continue refining human resource strategies to meet growing employee expectations.

Internal Factors

- The corporate human resource strategy[12], ***Being the Best 2012***, lays out a plan for building a better B.C. Public Service and transforming our organizational culture to create an employment experience that is not only engaging, but enables us to offer the citizens of British Columbia our very best. The three areas of focus within the plan are:
    - A continuation of Lean Six Sigma Thinking - applying a proven business improvement approach in the B.C. Public Service that will help us find new efficiencies, put employee ideas and leadership into action and broaden our repertoire of solutions.
    - Diversity - embracing the diversity of our organization enables us to better meet citizens expectations of accessing government services in diverse ways. A corporate diversity strategy, *Reflecting Our Communities*[13], expands upon what diversity is, why it is a priority, what the B.C. Public Service has accomplished to date and the plan for ensuring all our policies and procedures reflect the diverse communities we serve.
    - Health and Workplace Safety – recognizing that employees' safety, health and work-life balance have an important influence on their professional success and productivity.
- In recent years, the Agency has been pursuing a transformation agenda designed to provide fully integrated human resource delivery systems, which has resulted in more effective services, reduced the overall costs of the human resource function in government and supported the goals articulated in the corporate human resource plan, *Being the Best 2012*. The focus has shifted to continuous improvement of the human resource self-service delivery model allowing the development of new products, services and expertise to meet growing expectations and the changing needs of our workforce.
- To ensure the most efficient use of our valuable human resources, the B.C. Public Service is implementing ways of supporting employee mobility across ministries in order to reduce costs and maintain critical services for the citizens of British Columbia.

[12] For more information, refer to: http://www.bcpublicserviceagency.gov.bc.ca/down/BeingtheBest.pdf
[13] For more information, refer to: http://www.bcpublicserviceagency.gov.bc.ca/down/Diversity_Strategy.pdf

Report on Performance

Performance Results Summary Table

Goal 1: Public Service Transformation – Innovative workforce solutions that enable the B.C. Public Service to deliver services expected and needed by British Columbians. For greater detail see pages 38 to 41	2013/14 Target	2013/14 Actual
Absences related to illness and injury per Full Time Equivalent (FTE)	8.6 days	8.9 days SUBSTANTIALLY ACHIEVED
Reduction in FTE Utilization	26,066	26,526 SUBSTANTIALLY ACHIEVED
Auxiliaries as a percentage of the workforce	5%	6.2% NOT ACHIEVED

Goals, Objectives, Strategies and Performance Results

Goal 1: Provide high quality and innovative workforce solutions that enable the B.C. Public Service to deliver services expected and needed by British Columbians

Objective 1.1: **Modernized, responsive and flexible management of human resources**

Objective 1.2: **Strategically aligned resources, investments and data in the delivery of human resource services**

Objective 1.3: **Focused and purposeful investment in human resources**

Objective 1.4: **The goals of the Corporate Human Resource Plan for the B.C. Public Service, *Being the Best*, are realized**

Strategies

- Continue refining the delivery of human resource services to align with leading practices, reducing human resource transactional costs, improve service quality, and redirect funding to specialized services.
- Lead the implementation of Lean, a process improvement methodology, across the B.C. Public Service through the Lean Program Management office.
- Continue supporting implementation of the corporate diversity strategy, *Reflecting our Communities*, through further integration of diversity into B.C. Public Service Human Resource practices, to ensure the B.C. Public Service better reflects and is more responsive to the needs of citizens and communities.
- Invest in technologies to automate the capture and transfer of critical employee data to improve the efficiency and integrity of data management.
- Support the open government initiative by exploring opportunities to improve access to reliable and consistent human resource information, to meet the needs of the B.C. Public Service, and to respond to the needs of citizens.

- Continue implementing a health and productivity strategy that takes a proactive and preventative approach in supporting a healthy and productive workforce and avoiding Public Service benefit cost increases due to illness and disability.
- Continue developing *Being the Best*, the Corporate Human Resource Plan for the B.C. Public Service, based on feedback and results.

Performance Measure 1: Absences related to illness and injury days per Full Time Equivalent (FTE[14])

Performance Measure	2011/12 Baseline	2012/13 Actual	2013/14 Target	2013/14 Actual	2014/15 Target	2015/16 Target
Absences related to illness and injury days per FTE[1]	8.7 days	9 days	8.6 days	**8.9 days SUBSTANTIALLY ACHIEVED**	9.1 days[2]	9.1 days

Data Source: B.C. Public Service Agency

[1] For the purpose of this performance measure, absences refer to short term illness and non-occupational injuries.

[2] This target has been adjusted from 8.4 days to 9.1 days to more accurately reflect the current employee demographics.

Discussion of Results

The B.C. Public Service recognizes that employers who support employees to optimize their health care are better equipped to provide the best possible customer service to the public. However, an aging workforce, changing demographics, and the rising prevalence of chronic disease in the population are challenges faced by all employers in British Columbia.

This measure identifies the number of days lost due to illness and injury. As a result of factors such as demographic shifts, the number of days lost over the last several years has slowly increased.

Going forward, to more accurately reflect the current employee demographics, the 2014/15 target has been adjusted from 8.4 days as outlined in the 2013/14 – 2015/16 service plan, to 9.1 days. Though expected to stabilize, organizational changes that affect demographics and in particular those groups with chronic disease, may continue to influence days lost due to illness or injury.

Despite this, the B.C. Public Service continues to compare favourably against the Canadian provincial public sector average of 10.2 days and the federal public sector at 12.5 days[15]. The difference between the B.C. Public Service and the Canadian provincial public sector average represents $4.7 million dollars of avoided illness and injury leave costs for the B.C. Public Service and reflects our focus on health promotion and prevention services, at-work supports

[14] One FTE is defined as an employee who works 1827 hours a year. This could be one full-time employee, or more than one part-time employee who collectively work 1827 hours. One employee who works overtime would proportionately increase the FTE calculation.

[15] Source of comparative information is "*Work absences in 2011" - Perspectives on Labour and Income.* Statistics Canada, April 20, 2012. page 8. (http://www.statcan.gc.ca/pub/75-001-x/2012002/article/11650-eng.pdf)

for employees with illnesses or injuries, and timely rehabilitation and return to work for employees who are off work due to an illness or injury.

The B.C. Public Service is committed to an emphasis on earlier interventions and services which are expected to have long-term positive impacts on employee health outcomes which over time will result in lower leave absences due to illness and injury.

Performance Measures 2 and 3: Workforce utilization

Performance Measure	2011/12 Baseline	2012/13 Actual	2013/14 Target	2013/14 Actual	2014/15 Target	2015/16 Target
Reduction in FTE utilization	27,228	27,326	26,066	**26,526 SUBSTANTIALLY ACHIEVED**	26,300	26,300

Data Source: B.C. Public Service Agency

Performance Measure	2011/12 Baseline	2012/13 Actual	2013/14 Target	2013/14 Actual	2014/15 Target	2015/16 Target
Auxiliaries as a percentage of the workforce	7.6%	7.6%	5%	**6.2% NOT ACHIEVED**	5%	5%

Data Source: B.C. Public Service Agency

Discussion of Results

In 2013/14, FTE utilization decreased by 800 FTEs. The decrease of 2.9 per cent was achieved as a result of employee attrition and managed hiring practices, and demonstrates the emphasis the B.C. Provincial Government has placed on prioritizing key services and programs to achieve savings and improved effectiveness in their delivery.

Going forward, FTE Utilization is projected to decrease from 26,526 to 26,300 in fiscal 2014/15, and then remain flat in 2015/16 and 2016/17, reflecting government's expectation that the reduction of FTEs achieved over the last few years will be maintained. It is expected that hiring over the next year will be primarily internally focussed with a continued prioritization on filling positions which are critical to front line service delivery.

The hiring of auxiliaries is intended to fill short-term business needs, either for an interim, cyclical or seasonal basis. Monitoring the proportion of auxiliaries in the workforce helps to ensure hiring levels support B.C. Public Service FTE utilization targets. While the target of 5 per cent was not met in fiscal 2013/14, the auxiliaries as a percentage of the workforce dropped by 1.4 per cent from the prior fiscal. Over the last two fiscal years, to allow for more flexibility in managing staffing levels, the use of shorter-term auxiliary positions increased, resulting in a higher proportion of auxiliaries in the workforce. In addition, there are a large number of seasonal auxiliaries required for fighting wildfires that fall outside of the requirement for organizations to maintain an auxiliary level of 5 per cent or less. Without these seasonal wildfire

auxiliaries, the proportion of auxiliaries in the workforce would have been 3.44 per cent for fiscal 2013/14.

Resource Summary

B.C. PUBLIC SERVICE AGENCY

	Estimated	Other Authorizations	Total Estimated	Actual	Variance
Operating Expenses ($000)					
Operations	50,807	0	50,807	48,765	(2,042)
Sub-Total	**50,807**	**0**	**50,807**	**48,765**	**(2,042)**
Adjustment of Prior[1]	0	0	0	(1)	(1)
Total	**50,807**	**0**	**50,807**	**48,764**	**(2,043)**
Ministry Capital Expenditures (Consolidated Revenue Fund) ($000)					
	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**

[1] The Adjustment of Prior Year Accrual of $.001 million is a reversal of accruals in the previous year.

BENEFITS

	Estimated	Other Authorizations[2]	Total Estimated	Actual	Variance
Operating Expenses ($000)					
Benefits	1	629	630	630	0
Sub-Total	**1**	**629**	**630**	**630**	**0**
Adjustment of Prior[3]	0	0	0	(47,355)	(47,355)
Total	**1**	**629**	**630**	**(46,725)**	**(47,355)**

[2] Other Authorizations includes access to Contingencies for the Benefits Vote.
[3] The Adjustment of Prior Year Accrual of $47.355 million is comprised of an adjustment to the value of the LTD Plan asset of $47.301 million and reversal of accruals of $.054 million in the previous year.

Appendix A: B.C. Public Service Agency Contact Information

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Victoria BC

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For more information on the B.C. Public Service Agency, please visit our website at:

www.bcpublicserviceagency.gov.bc.ca/

The Public Sector Employers' Council Secretariat and Employer Associations

Public Sector Employers' Council Secretariat:

- The Public Sector Employers' Council Secretariat supported government in the development of the 2014 negotiating mandate for the B.C. public sector and began its implementation. As of April 2014, 23 per cent of unionized public sector workers negotiating under the 2014 mandate had settled collective agreements.
- The Secretariat continued implementation of the 2012 negotiating mandate for the B.C. public sector. As of April 2014, 86 per cent of unionized public sector workers negotiating under the 2012 mandate had settled collective agreements.
- The Secretariat worked with partners and trustees to the College, Public Service, Municipal and Teachers' pension plans on a number of areas, including improvements to the health of indexation of the plans within existing funding levels. An agreement accomplishing this for the College Pension Plan was reached in January 2014.
- Disclosure of annual public sector executive compensation in both PDF and machine-readable formats continued.
- Implementation of the July 2012 government policy on executive compensation in Crown corporations continued.

Employers' Associations:

The employers' associations funded by the Public Sector Employers' Council in 2013/14 include: the British Columbia Public School Employers' Association (BCPSEA)[16], the Community Social Services Employers' Association (CSSEA)[17], the Health Employers' Association of British Columbia (HEABC)[18], and the Post-Secondary Employers' Association (PSEA)[19]. The Crown Corporation Employers' Association (CCEA) was funded by contributions from its members.

The mandates and purposes of these associations include coordinating compensation, benefit administration, bargaining and labour relations within their respective sectors, as outlined in sections 6 and 7 of the *Public Sector Employers Act*.[20]

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[16] www.bcpsea.bc.ca
[17] www.cssea.bc.ca
[18] www.heabc.bc.ca
[19] www.psea.bc.ca
[20] For more information refer to: www.bclaws.ca/Recon/document/ID/freeside/00_96384_01#section6

Their governance structures are as follows:

- BCPSEA is currently administered by a government-appointed trustee (Michael Marchbank).
- CCEA has a board of up to 11 directors. Eight of its members are elected or appointed from among member employers; two are appointed by the provincial government; and the Chair is elected from Chief Executive Officers of member employers. Directors of the Board at March 31, 2014, included: Shayne Ramsay - Chair (BC Housing), Debbie Nagle (BC Hydro), Peter Charlton (BC Lottery Corp), Viki Vourlis (BC Utilities Commission), Doug Greig (Forestry Innovation), Brent Hale (ICBC), Harold Clark (Legal Services Society), Roberta Ellis (WorkSafe BC), Agnes Ross (BC Housing), Tom Vincent (PSEC Secretariat), Rob Mingay (PSEC Secretariat).
- CSSEA has a board of up to 11 directors. Up to seven of these directors are appointed by representatives of social service agencies; one is appointed by Community Living British Columbia; and up to three are appointed by the provincial government. Directors of the Board at March 31, 2014, included: Anne Nikon - Chair (W.J. Stelmaschuk & Associates Ltd.), Lilla Tipton (Powell River Association of Community Living), Colleen Spier (Island Métis Family & Community Services Society), Liz Barnett (North Shore Disability Resource Centre Association), Janice Barr (Richmond Society for Community Living), Brenda Gillette (Chilliwack Society for Community Living), Bernadette Spence (Vancouver Aboriginal Child & Family Services Society), Len Dawes (Ministry of Social Development & Social Innovation), Rob Mingay (PSEC Secretariat), Doug Woollard (Community Living B.C.).
- HEABC has an 11-person board. Six of its members are appointed from the health authorities; two by the provincial government; and one each from proprietary care providers, affiliated care providers and denominational care providers. Directors of the Board at March 31, 2014, included: Betsy Gibbons - Chair (Independent), Brendan Carr (Vancouver Island Health Authority), Carl Roy (Provincial Health Services Authority), Cathy Ulrich (Northern Health Authority), Mary Ackenhusen (Vancouver Coastal Health Authority), Nigel Murray (Fraser Health Authority), Robert Halpenny (Interior Health Authority), Catherine Kohm (Haro Park Centre – Affiliated Care Provider), Gavin McIntosh (TCG Care Group – Proprietary Care Provider), Howard Johnson (Baptist Housing Ministries Society – Denominational Care Provider), Lee Doney (PSEC Secretariat), Elaine McKnight (Ministry of Health).
- PSEA has a 10-person board. Six of its members are elected annually from member employers; two are appointed by the provincial government; and two non-voting members are the Chair and Vice-chair of the PSEA's Standing Committee on Human Resource Practices. Directors of the Board at March 31, 2014, included: John Bowman-Chair (North Island College), Dr. Ralph Nilson (Vancouver island University), Dr. Bryn Kulmatycki (College of New Caledonia), Roy Daykin (Langara College), Ken Tourand (Nicola Valley Institute of Technology), Dr. Michel Tarko (Justice Institute of B.C.), Claire Avison (Ministry of Advanced Education), Tom Vincent (PSEC Secretariat), Gary Leier (Selkirk College), Tomi Eeckhout (BCIT).

Employer Association Expenditures[21]

The following table presents the 2013/14 budgeted and actual expenditures of the five employer associations.

Employer Association Expenditures ($000)	
2013/14 Budget	**2013/14 Actual**[1]
24,636	**23,585**

Data Source: Financial statements for each of the employer associations (unaudited)

[1] British Columbia Public School Employers' Association: $5,046,000; Crown Corporation Employers' Association: $218,000 ; Community Social Services Employers' Association: $3,058,000 ; Health Employers' Association of British Columbia: $13,943,000; and Post Secondary Employers' Association: $1,320,000.

[21] Expenditures are total expenditure of employer associations included in the government reporting entity and are funded through transfers from government, membership **dues, fees, and other** sources.